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2018: A Transformational Year



Alasdair Haynes,
Chief Executive Officer

The last 12 months have been transformational for Aquis Exchange. We have progressed from being "another challenger exchange" to being one of Europe's top ten stock exchange groups and the trading technology supplier to businesses across many asset classes and geographies. On the way, we have completed a very successful IPO, achieved record market share and expanded our presence into continental Europe.

Aquis Exchange is a revolutionary business and our vision is to improve the efficiency of the investment industry through transparency and innovation. Our aim is to become the leading technology-driven exchange services group and, I believe, we are now well on the way.

5 Years

IN NOVEMBER 2018 AQUIS EXCHANGE CELEBRATED THE FIFTH ANNIVERSARY OF THE LAUNCH OF ITS MTF

IPO

IN JUNE 2018 AQUIS EXCHANGE WAS LISTED ON AIM

4%

MARKET SHARE REACHED THE 4% MARK DURING 2018*

Expansion

IN LATE 2018 AQUIS EXCHANGE'S EUROPE OFFICE OPENED IN PARIS

7th

CURRENTLY, AQUIS EXCHANGE IS THE 7TH LARGEST EUROPEAN STOCK EXCHANGE GROUP BY VALUE TRADED

* Of continuous trading across 14 markets

A new type of stock exchange

Aquis Exchange was conceived in 2012 as a challenger stock exchange for Europe by Alasdair Haynes. It was created as a pan-European cash equities platform, conforming to the most stringent regulatory requirements, and the state-of-the-art technology was all built in-house. Regulatory approval was obtained in approximately a year and trading began in November 2013.

Aquis' key feature is its unique subscription pricing model. The world is moving towards subscription payments in all sorts of industries, but before Aquis, it was absent in financial services. Aquis offers Members various usage bands – each appropriate for different levels of trading. It is a simple, transparent and fair way of charging.

It aligns the cost to Aquis of supplying its matching service to Members and ensures that the user knows in advance what monthly fees will be payable. Users of the top tier subscription are entitled to unlimited usage (subject to policy), which makes their marginal cost zero.

The world is moving to subscriptions

Aquis Exchange is the only stock exchange in the world that has adopted subscription pricing and offers its top tier Members unlimited usage. However, buying products and services via subscription is far from new. One of the first instances of subscription pricing was in publishing – from the 1800s people have been buying magazines through subscriptions.



One sector in which subscriptions are ubiquitous is mobile phones. In fact, there are more mobile phones today in the world than there are people: 8.2 billion phones versus 7.7 billion people. The subscription model in the telecoms industry has transformed behaviour too. Phones are used much more now and the social media phenomenon would not have been possible without fixed subscriptions.



In the entertainment industry subscriptions have been revolutionary. In 1980, it would have cost upwards of \$30 million to buy all the songs that are currently available on Spotify for just \$10 a month.



Companies such as Netflix and Sky are beginning to impact not only the consumption of film and its quantity, but also now on how it is made. Many blockbusters are now made exclusively for streaming and Hollywood, the incumbent, is worried.



The ultimate case study of the transformational impact of subscriptions is Amazon and its Prime service. There are some 100m US households subscribing to Amazon Prime and they spend more frequently and twice as much as non-Prime Amazon users.

Low Toxicity

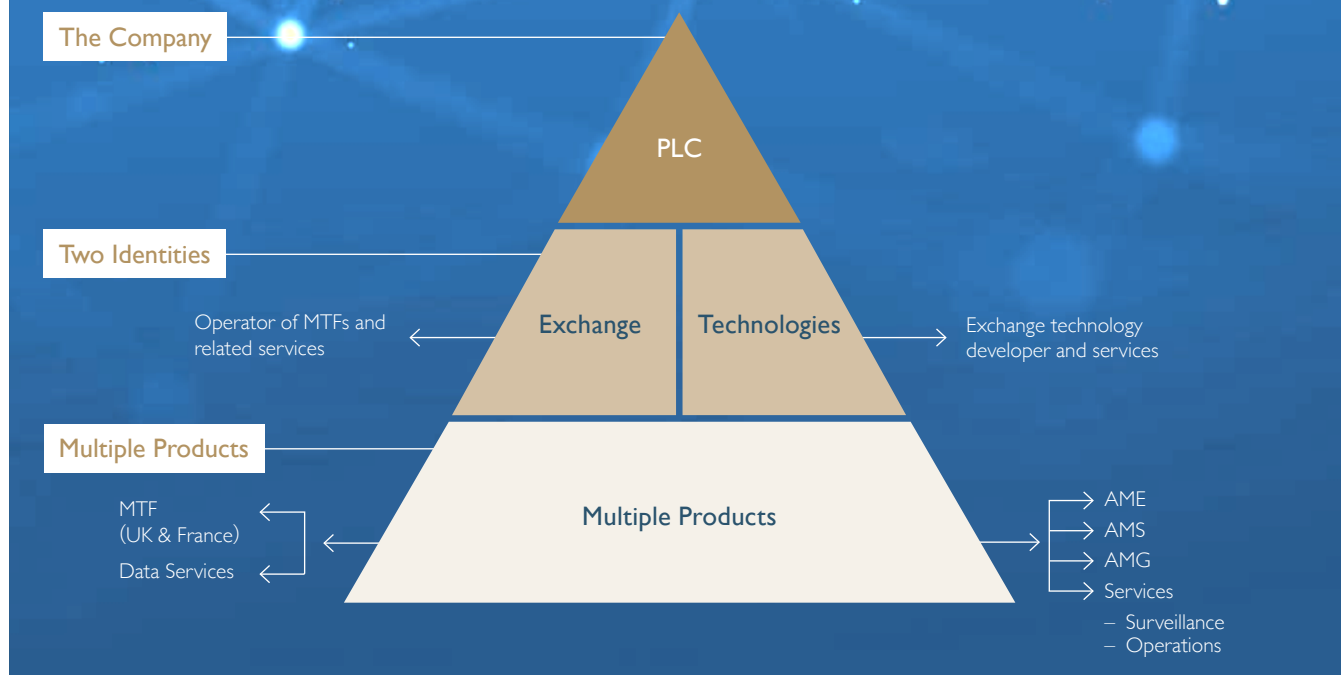
One of Aquis Exchange's key benefits is its low toxicity liquidity pool. This is due to a move in early 2016 by Aquis Exchange to prevent non-client proprietary firms from trading aggressively on its platform. As a result of this measure, toxicity and signalling risk are lower on Aquis than on other trading venue in Europe. According to independent studies, trades on Aquis Exchange are less likely to lead to price movement than on other lit markets.

Aquis frequently has the best price on its own, the deepest liquidity, the lowest cost of trading and the fastest technology, making it an essential venue for brokers' best execution requirements.

— LiquidMetrix

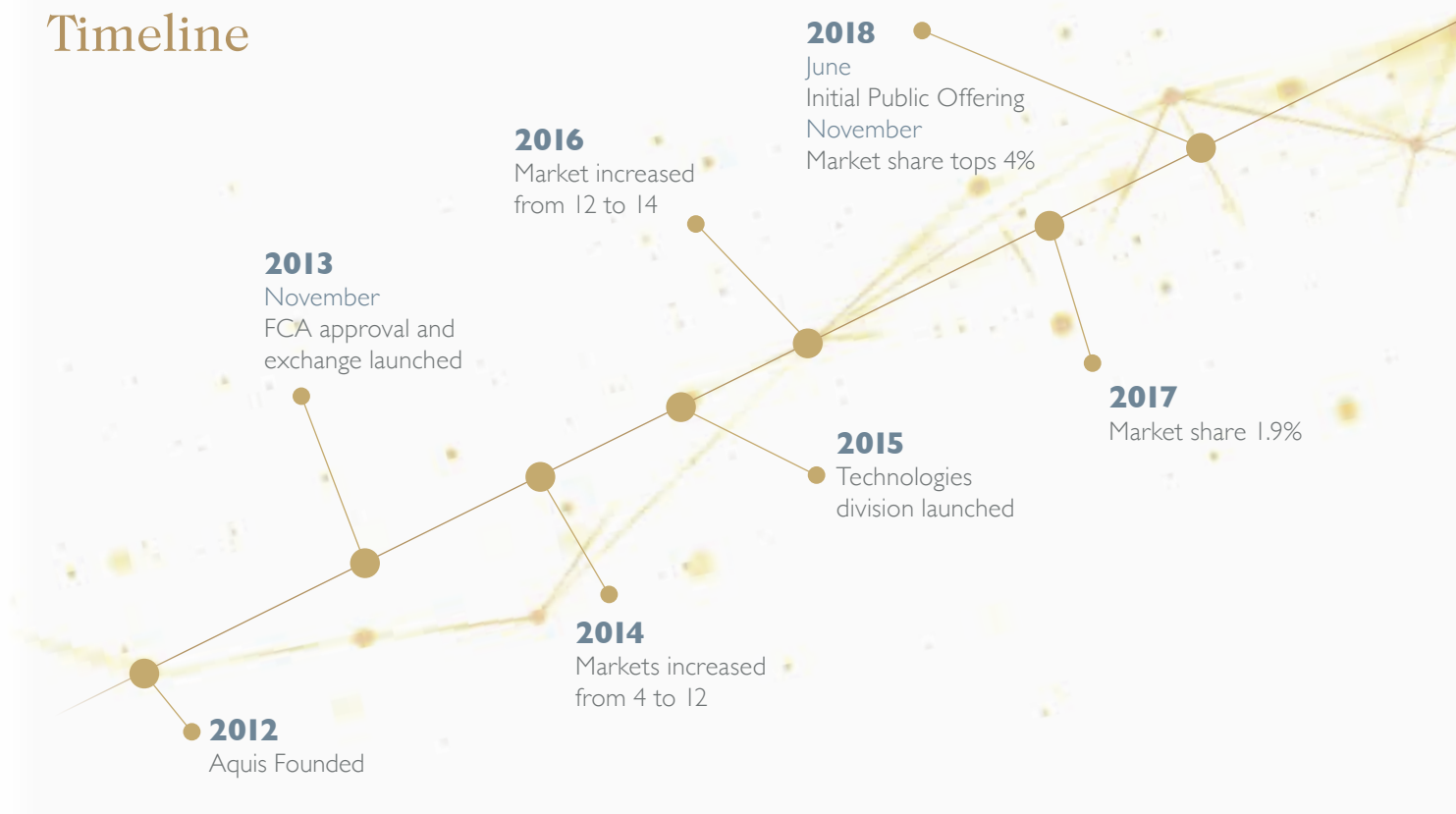
In 2015, Aquis Exchange harnessed its technology resources, together with its expertise of creating and running an exchange to launch Aquis Technologies. This business supplies trading technology, primarily matching engines and surveillance systems, to third parties such as other exchanges, brokers and banks across any asset class or geography.

Aquis Exchange at a glance



2018 has been a transformational year for Aquis Exchange that has seen the Company reach new market share highs, conduct a very successful IPO and launch its first Continental European office, in Paris.

Timeline



Aquis Exchange in Numbers

Stocks from

14

Countries

1600+

Stocks Traded

- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Italy
- Netherlands
- Norway
- Portugal
- Spain
- Sweden
- Switzerland
- UK

The Aquis matching engine.

The Aquis Matching engine is ultra-low latency. It has a round trip speed of 17 μ s or shorter for 99.99% of all messages, on a single port. It is also high capacity, with an average message rate of 70,000 per second, based on 2 million orders

sent in under 30 seconds. The AMS is very robust; with minimal degradation and jitter, it delivers high levels of availability, consistency and resilience.

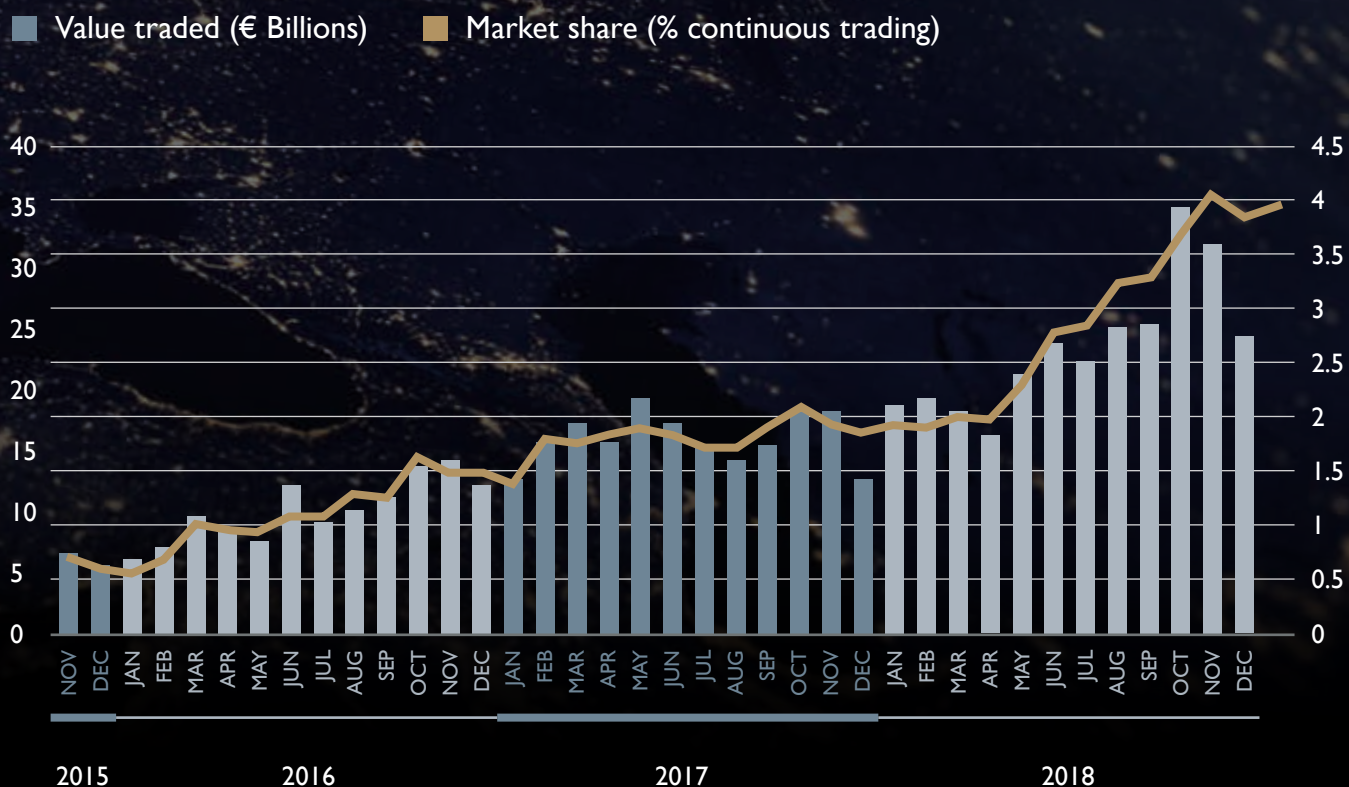
27+
Exchange Members

12+
Technologies Clients



Our technology clients span many sectors

AQUIS EXCHANGE VALUE TRADED & MARKET SHARE



What our shareholders have to say

INVESTOR VIDEOS — To watch the full content of some of our investors discussing their investments in Aquis, please log on to www.aquis.eu



Gervais Williams

SENIOR EXECUTIVE DIRECTOR
MITON GROUP

In a recent interview, Gervais said that Aquis Exchange is a platform on which “many investors might find that they get the liquidity that they need to transact, even in an unsettled world” and that its great advantage is its scalable solution.



Andy Brough

HEAD OF PAN-EUROPEAN
SMALL COMPANIES
SCHRODERS

In Andy's view, Aquis Exchange is interesting in relation to current key topics such as disruption in the financial markets and the growing value of data. Andy said in a recent interview “when we look at companies now if you're not disrupting then you're probably being disrupted. The pace of change is accelerating.”



Mark Barnett

HEAD OF UK EQUITIES
INVESCO

Mark sees Aquis as a disruptor in a well-established industry. In a recent interview Mark said that Aquis' positioning “offers uncorrelated returns which I find very attractive.”

Chairman's Statement



Total Revenue

£4.0m +100%

2017: £2.0m

EBITDA

(£2.7m)

a 16% decrease of losses

2017: (£3.2m)

Successful IPO

June 2018

2018 was a significant milestone for Aquis with its successful initial public offering (IPO) on the Alternative Investment Market of the LSE (AIM) market in June.

The new funds have positioned the firm for its next stage of development and provided a secure platform for future growth. We are only at the start of our journey as a listed company but we can already see that the flotation has positively raised the profile of the company.

Aquis continued to transform the European equity trading landscape during the year. As we celebrated 5 years since the launch of the exchange, we saw average market share increase to 3.8% (4Q18) from 1.9% (4Q17) of all European equity trading thanks to a record number of messages being routed to the platform by current and new clients. Meanwhile, interest in Aquis' world-class exchange trading and surveillance technology is growing.

EMPLOYEES

As Aquis grows and develops the business against a backdrop of increasing regulation for financial market infrastructures and their participants, we need to invest in attracting high quality, experienced and responsible individuals who can support the company's evolution and promote its cultural values.

Aquis is driven by a visionary founder-led management team of dynamic and committed individuals. On behalf of the Board and all shareholders, I would like to thank them for all

CONTINUED ►

of their hard work during the year and their contribution to the company's successful listing and continued growth.

BOARD

The structure of the Board changed significantly during the year. The IPO created an opportunity for directors who had previously held seats related to their initial shareholdings to step down and for the Board to consider the mix of skills required for the future development of the business and its responsibilities as a listed company.

Four directors, Sean Melnick, Donall McCann, Izabela Olszewska and Jaroslaw Grzywinski, resigned at IPO and we thank them for their contribution in helping Aquis to establish a firm foothold as a European trading venue and reach the point of listing. Richard Bennett and Mark Spanbroek remained on the Board and Richard became Senior Independent Director and Chair of the newly formed Nominations and Remuneration Committee. In March, we welcomed Mark Goodliffe as a member of the Board and Chairman of the Audit and Risk Committee. Mark is the UK Chief Financial Officer of Rea Holdings plc and an independent Non-Executive Director and Chairman of the Audit Committee of CME Trade Repository Limited.

We also initiated a search for a non-executive director with technology expertise, particularly with knowledge of developing and licensing technology. The search culminated at the end of 2018 ready for Glenn Collinson to be appointed at the start of the 2019. Glenn's background as an engineer and his years of developing and marketing technology products will be invaluable to the business, as will his experience of serving on the boards of both listed and private companies.

GOVERNANCE

The Board aspires to high standards of corporate governance. It has adopted the key principles of the UK Corporate Governance Code. As a UK regulated entity all Aquis Board members and senior managers must also be approved by the Financial Conduct Authority (FCA) under the Approved Persons Regime. All Board members are aware of their additional responsibilities under both UK and European regulation and guidelines with regards to the oversight of financial market infrastructures. This is facilitated by an annual training program.

There remains enormous potential for our exchange model to disrupt further incumbent trading models and win more market share across Europe.

OUTLOOK

We continue to be committed to improving the quality of execution in a transparent environment for the benefit of the end investor. There remains enormous potential for our exchange model to disrupt further incumbent trading models and win more market share across Europe. We hope to do this by exceeding the needs and demands of the end investors and intermediaries.

The funds raised at the IPO will also be used in part to help us grow our technology business by attracting larger, more mature clients as well as strengthening the overall Aquis brand.

The Board will continue to be focused on ensuring the business delivers on its strategy, managing risks and developing an appropriate framework for growth.

Brexit introduces uncertainty as well as some additional costs and risks (principally regulatory) but change may also bring opportunities. It is estimated that Brexit will increase costs by approximately 5%. The business is well prepared with regulatory approvals and an established presence in France, which should allow uninterrupted service regardless of the form that Brexit takes.

The Board will also prepare for the end of the FCA's Approved persons regime, which will be replaced by The Senior Managers and Certification Regime (SM&CR). This will increase the accountability of the senior managers and the Board and ensure that individuals have clearly prescribed responsibilities.



Nicola Beattie,
Non-Executive Chairman

Chief Executive's Report

Chief Executive Officer (CEO) REPORT

2018 was a transformational year for Aquis. The Company entered 2018 as a private company with approximately 2% market share of pan-European equities continuous trading and exited the year as a public listed Company, having successfully listed on the AIM market of the London Stock Exchange on 14 June 2018, with close to 4% market share. Revenue has doubled in comparison to the prior year, reaching £4.0 million, and the exchange has grown both its number of trading members and the average value of monthly subscriptions.

This success has been based on our commitment to provide our customers with a comprehensive lit equity trading platform with significant liquidity and the lowest levels of toxicity in Europe. The quality of our technology enables us to provide a high-quality user experience with excellent customer service. These key characteristics, combined with greater brand awareness, has led to strong market share growth.

Aquis Exchange PLC is regulated in the UK by the FCA but with increasing uncertainty over the outcome of Brexit the Company decided to establish a European subsidiary and in January 2019 successfully applied for regulatory approval to operate a Multilateral Trading Facility (MTF) in France through this subsidiary.

OPERATIONAL REVIEW

Aquis continues to develop its complementary business activities; a pan-European equity lit market, a multi-asset class technology licensing service to an international client base and a market data offering. The Company continued to grow the principal business activities during the year and this is expected to continue. A summary of progress in each activity is outlined below.

Aquis Exchange

The Company currently offers clients the ability to trade in excess of 1,600 stocks and ETFs across 14 European markets.

The Markets in Financial Instruments Directive (MiFID II) took effect from the beginning of 2018. This regulation did have some immediate impact but a lot of the ramifications of MiFID II are still yet to transpire. We anticipate 2019 will be another year of change, with the implications of Brexit and further regulatory reviews. We are a strong supporter of the regulatory principles such as greater transparency for markets, that have been introduced and are committed to complying with market regulation. We believe we are well placed to benefit from additional regulation given our robust and agile business model, our lean cost structure and our technology leadership.

Aquis operates in a dynamic global industry where we will continue to see both new challenges and opportunities ahead. The Company continues to perform strongly in an evolving macroeconomic, regulatory and political environment, including Brexit. With the UK set to leave the EU in March of this year, Aquis has a responsibility to ensure the orderly functioning of our markets and we believe has taken all necessary steps to ensure it can continue to serve its clients wherever they are located.

During the period, Aquis grew its number of trading members from 24 to 27. In addition, a number of members increased their trading volumes resulting in increased monthly subscriptions.

Independent studies have verified that Aquis Exchange has materially lower toxicity than its competitors which lowers the implicit costs of trading for the end investor. This is a significant positive differentiating factor and underpins the growth potential.

Since the successful IPO Aquis has increased its investment in personnel, infrastructure, sales and marketing to help promote future growth of the business.

Aquis Technologies

In addition to the exchange business, Aquis licences its leading exchange related technology to a variety of international financial services clients across different asset classes.

The Company's flexible business structure and in-house technology capabilities enable it to react rapidly and efficiently to diverse market trends and our partnership approach with our customers continues to enable us to understand their needs against a changing regulatory and market backdrop and to develop our products and services to help our clients with the challenges they face.

Aquis Market Data

Aquis Exchange has provided market data free of charge to trading members and data vendors since the trading venue was launched in November 2013. From 1 July 2018, the Company began charging market data vendors £2,000 per month for data from Aquis' exchange and it now has 12 paying Members. Market data is a significant revenue generator for the national exchanges and we believe this revenue stream will become increasingly meaningful over time.

RESEARCH AND DEVELOPMENT

The Company continues to invest in R&D in order to maintain and enhance the quality of its technology and its ability to be able to deliver new products and platform enhancements to its clients. Our proven trading platform has been developed in-house and is based on proprietary technology which does not rely on third party software suppliers. We believe this gives us a significant competitive advantage on functionality, price and ability to deliver. The structure contributes to expedited product development and it provides the Company with the ability to react quickly to dynamic market conditions. All developments are expensed as incurred and we will continue to work on further developments which are expected to enhance customer growth.

OUTLOOK

In summary, our strategic goal remains to become the leading exchange services group through delivering best in class exchange trading opportunities underpinned by our commitment to first class client services. Our highly capable and experienced management team remains focused on the opportunities ahead particularly delivering our short and medium term market share, client and financial growth targets.

Chief Executive's Report continued

We enter 2019 confident we can continue to develop both our exchange and technology businesses to achieve our strategic goal. We will continue to invest to maintain and enhance our market position through innovation and development and promote the Aquis transparent low toxicity market place which will enable our customers to get better performance and results. In addition, we believe this approach will deliver strong shareholder returns over the next few years.

Strategic Report

Overview of the business

Aquis Exchange is a founder-led, pan-European Multilateral Trading Facility ("MTF") operator and exchange and regulatory technology developer and service provider. The Company is regulated by the UK Financial Conduct Authority.

The Company was founded in 2012 with the vision to become the leading technology driven exchange services group and to introduce competition and innovation to the securities trading market. With these guiding principles the Company's main focus is to:

- Capitalise on regulatory and technical shifts in market infrastructure by providing an exchange which offers deeper liquidity and transparent, higher quality execution for intermediaries and investors;
- Continue to increase the number of members and associated trading volumes by providing a robust and innovative platform that responds to their needs; and
- License its proven technology platform to third parties that require trading or market surveillance technology.

Aquis' trading platform is a cash equities trading venue with a unique subscription-based pricing model based on electronic messaging traffic. The principal competitors to the trading business are the national exchanges and other pan-European MTFs / Recognised Investment Exchanges (RIEs) which charge customers on a per transaction model. Since the Company commenced trading it has consistently increased its market share which has grown to reach an average of approximately 3.8% of the overall pan-European market of continuous trading during 4Q18.

The client base of the trading platform consists principally of investment banks and brokers acting on behalf of institutions such as pension funds and asset managers. The Company's members are able to trade European securities on a 'lit' market. This means that the dealing price prior to the trade is transparent to the whole market. This is in contrast to pricing on dark and grey markets, where price discovery is only available to the market post-trade.

Aquis' matching engine and surveillance technology is already established through its daily use as the system that drives Aquis' trading platform. It has been developed for multi-asset class trading and is attracting customers wishing to licence the technology as the trading engine for a broad range of instruments. Its principal customers are new equity exchanges where the market is opening up to competition as well as crypto currency exchanges, MTF operators across asset classes and market participants requiring real time market surveillance. Competitors of the licensing business are other matching engine providers and surveillance software providers.

Review of the business

The Company continued to grow the principal business activities during the year and this is expected to continue. The key performance indicators of the exchange business: market share, numbers of members and revenue all increased during the year. The significant available liquidity, approximately 15% of overall

pan-European equity liquidity, was maintained and should underpin the future anticipated member and market share growth. As investment managers conform to the new best execution obligations placed on them by MiFID II, their trading strategies should increasingly direct intermediaries to take advantage of the available liquidity at Aquis. The available liquidity provides the Company with a strong base to attract a wider membership from across Europe and to facilitate increased trading volumes.

During the year the market experienced high market volatility on a number of occasions, which the high-performance technology system managed without incident. Further enhancements have been made to the core technology during the year which has been important not only to the continuing success of Aquis Exchange's daily exchange activities but also enables the Company to offer state of art technology solutions and market surveillance capabilities to other market participants. International interest across a number of asset classes in the Company's ability to provide outsourced technology solutions for other market participants has increased materially during the year and additional resource has been recruited to support this expansion.

A key factor that contributed to the development of the business activities was the strength, experience and commitment of our staff. Staff turnover remains below market norms.

Financial Review

The adjusted loss for the year before exceptional items and tax decreased to £2,683,042 compared to £3,276,770 in the previous year; this is mainly attributable to increased exchange revenue as members' subscriptions have risen as a result of increased trading levels and new revenue from technology licensing offset by additional costs as the Company continues to invest in personnel and technological resources. In June 2018 the Company listed on the AIM market of the London Stock Exchange. The costs incurred for Listing have been included as exceptional costs.

The adjusted loss reflects the effect of adopting IFRS 15 accounting for licensing contracts and IFRS 9 impairment provisions on trade receivables. The application of these standards has resulted in a impairment release (credit) during the year of £424,194.

The Company's cash and cash equivalents as at 31 December 2018 were £11.6 million.

Future development of the business

Aquis has invested heavily in the business differentiators, technology platform, brand and market reputation and personnel resources and is committed to continue this investment to ensure it maintains its reputation for innovative, effective quality delivery. The Company has established a strong position with its clients and the wider investment community which should support the growth of the business in the medium term. In addition, Aquis Technology has achieved a very strong reputation in the market, and this will also support growth across assets classes and internationally.

In reaching an average of approximately 3.8% of the pan-European market of equity continuous trading in 4Q18 Aquis has established

Strategic Report continued

itself as a viable alternative to other European exchanges. The quality of the exchange offering (in particular the depth of liquidity and low toxicity) which is attractive to both investment banks and brokers but also to the institutional investor community offers Aquis the opportunity to continue to grow market share.

In addition the business is well positioned to benefit from regulatory changes which support transparent, low toxicity growth on “lit” markets. The regulatory trends and institutional support for greater transparency in European equities trading also supports future business growth.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are detailed in the Directors Report. The risks include the reliance of the Company on key personnel as well as client and liquidity provision concentration risk, the risk of technology failure and regulatory approval and associated regulatory capital requirements and the potential adverse effects of an exit from the EU.

The Company has comprehensive back up and contingency plans in place that are tested regularly. The Company initially concentrated on the large investment banks, brokers and liquidity providers and is now broadening its client base to reduce client concentration.

The Company has received regulatory approval from the AMF for a subsidiary to operate an MTF in France, which will enable it to continue to operate the exchange and licensing activities across the EU27. There remains a great deal of uncertainty about how pan-European trading will evolve once Brexit has occurred; however, the Company has positioned itself to be able to provide equity trading facilities across Europe to all its clients.

Directors’ duties

The Company has recruited Directors that it considers have the knowledge, skill and experience expected of a director in that role including specialist financial, accounting and legal knowledge.

Directors have continued to act, throughout the year, in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of all its stakeholders.

The Directors recognise that they must avoid any situation where they have or can have an interest that directly or indirectly conflicts with or may conflict with the Company’s interests. Directors are required to confirm at every Board meeting, if applicable, the nature and extent of any interest they may have in any transaction or arrangement to which the Company is or may be a party.

In addition, the Directors have exercised independent judgement throughout the year and can confirm that they have not accepted any benefit (e.g. gifts or inducements) from third parties arising from their position as a director which were intended to induce the director to act in a certain way.

Stakeholder management

The Board’s direction of the Company is based on ensuring that decisions are made after taking account of all the principal stakeholders which have been identified by the Board. The Company is still relatively young and in creating and building the business activities it has already been crucial that the Company works closely with investors, clients, suppliers, regulators, employees and other affected parties. The success to date and future success of the Company is dependent on the support of all key stakeholders. Senior management provide any stakeholder feedback to the Board at each Board meeting and the Board is developing a more formal plan for on-going stakeholder engagement.

Personnel management, training and company culture

The Company has a relatively small resource base and therefore has concentrated on recruiting personnel with a high degree of specialist skills. The Company provides on-going training and support to ensure that personnel retain and enhance their technical skills.

The Company has created a positive inclusive culture. The core Company values are trust, excellence, integrity, collaboration and transparency undertaken in a pro-active manner with emphasis on collective responsibility. Team meetings and company briefings are held on a regular basis to ensure all personnel are informed of the Company’s performance and key strategic objectives and goals.

The Company is committed to provide training and development opportunities for its employees and is supportive of community and charity initiatives. The Company’s business activities do not have a material effect on the environment.

Company investments, productivity and capital management

The Company has continued to invest in its technology offering throughout the year. This has included creation of new order types, enhancements to the surveillance system, technical developments to prepare for any required Brexit changes and adaptations and enhancements to the auction system to enable the move into different asset classes. In addition, the Company has made further investment in personnel resources and increased its marketing budget as it continues to develop capability and brand awareness.

The Directors consider that the investments in personnel have had a beneficial effect on the employee’s productivity which in turn has increased client numbers, the range of clients and revenue. The Directors recognise the importance of continuing to enhance productivity and the commitment to future investment both technically and in terms of resource training and development should ensure this continues to progress in a positive direction. The Company is in the process of establishing both short- and long-term incentive plans based on performance for all employees which are set out in more detail in the Nomination and Remuneration Committee Report and which the Directors believe aligns the employee’s interests with the long-term strategic goals and success of the Company.

The Company’s activities are not capital intensive. The Company is required to maintain sufficient capital to meet its regulatory obligations. These are calculated and updated annually with reference

to the FCA capital requirements – the ICAAP calculation. At 31 December 2018 the ICAAP requirement amounted to £1.8m.

Capital resources in excess of the ICAAP requirement are deployed to expand and enhance the key business activities; however, these activities are not particularly capital intensive and therefore the Board are confident that the existing capital base is sufficient to cover the existing and future planned activities of the Company.

Viability Statement

The Directors have undertaken a detailed review of the Company's prospects taking account of the Company's current position and principal underlying business risks and its prospects for the period 2019 - 2021. The Directors consider this to be an appropriate period taking into account the target business and revenue growth and the objective to reach breakeven and attain profitability during this period.

As a result of the Company's Listing on the AIM market the equity capital of the Company was increased with the objective of having sufficient resources for the Company to reach profitability and to expand its business. As noted previously in the Company Investments, productivity and capital management section of this report the Company is in a strong capital position.

On the basis of the Company's progress during 2018 where the business has met and in certain areas exceeded its goals and taking account of its ability to execute successfully its principal strategic objectives and operating goals the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

This assessment has concentrated in particular on the exchange market differentiating factors, the quality and resiliency of the Company's technology, the brand position / market position and reputation and the quality and experience of its key personnel resources.

In the event that there was a fundamental change in the Company's prospects as a result of a principal risk materialising the Company could instigate a cost reduction exercise; however due to the diverse business lines and low toxicity and cost model the Directors consider it unlikely that this remedial action would be necessary.

This Strategic Report was approved by the Board of Directors on 19 March 2019 and is signed on its behalf by:



Alasdair Haynes
Chief Executive Officer (CEO)

Jonathan Clelland
Chief Financial Officer (CFO)

Audit, Risk & Compliance Committee Report

The Aquis Exchange PLC Audit, Risk and Compliance Committee (ARCC) is chaired by Mark Goodliffe. Mark joined the Board and the ARCC in March 2018 and was appointed Chairman in June 2018. Previously Richard Bennett was Chairman of the ARCC and resigned as member in December 2018. The other member of the committee is Mark Spanbroek. As the composition of the Committees transitioned to comply with the UK Corporate Governance Code Niki Beattie resigned from the ARCC in March 2018.

There were 4 committee meetings during 2018. Attendance is summarised as follows:

Director	ARCC meeting attendance
Niki Beattie	1
Richard Bennett	4
Mark Spanbroek	4
Mark Goodliffe	4

Mark Goodliffe is a qualified chartered accountant (ICAEW), Richard Bennett is qualified to practise as a solicitor in England and Wales, Niki Beattie resigned from the ARCC in March 2018.

The Company considers that the ARCC members' qualifications and experience enable it to comply with the audit committee composition requirements.

The role and responsibilities of the ARCC

The ARCC was created in 2013. Terms of Reference (ToR) of the ARCC were updated in June as part of the admission process to the AIM market listing. The Board of Directors undertakes an annual evaluation which includes an assessment of the ARCC performance.

The principal areas that the ARCC focuses on are:

- Review of the financial statements including interaction with the external auditors
- Interaction with the internal auditors including planning over a 3 year period the internal audit schedule and annual audit reviews

- Quarterly risk assessment assessing all internal and external business risks
- Quarterly compliance review

The external auditors did not raise issues during the audit of the 31.12.17 financial statements that required the attention of the ARCC during 2018. The ARCC reviewed and were satisfied that the 31.12.17 audit was conducted efficiently and effectively. Following admission to trading on AIM in June 2018 the ARCC decided to replace Hazlems Fenton the external auditor and appoint a new external auditor. Four firms were invited to tender and at the end of the process PwC was appointed in August 2018. The intention is to review the appointment in 3 years and if the ARCC deems appropriate put the audit to tender. The PwC audit partner is Mr. Mike Wallace. PwC does not provide non-audit services to the Company.

The Company appointed Grant Thornton as its internal auditor in 2013. The ARCC will reassess this appointment during 2019. The ARCC reviews all internal audit reports in detail and meets Grant Thornton annually to assess the quality and effectiveness of the internal audit process and management responses to the internal audit recommendations.

Nomination and Remuneration Committee Report

The Board recognises that Aquis operates within a competitive environment and that Company performance depends on the individual contributions of the Directors and employees. It believes in rewarding financial performance and long-term vision and innovation that will help grow the Company.

NOMINATION AND REMUNERATION COMMITTEE

The Company created a Nomination and Remuneration Committee (the Committee) on 4th December 2017 in anticipation of the Listing which is responsible, inter alia, for assessing the skills of the Directors, succession planning for the Board and Executive Committee, identifying and selecting candidates as required as well as assessing and reviewing the remuneration packages of the Directors and other members of the Executive Committee and approving the remuneration packages for all other employees. It makes proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. All Committee decisions on these matters are recommended to the Board. The remuneration and terms and conditions of appointment of the Non-executive Directors of the Company are set by the Board.

The Committee is chaired by the Senior Independent Director Richard Bennett. The other member of the Committee is Niki Beattie. Glenn Collinson joined the Committee at the start of 2019. The Executive Directors and other senior personnel may be invited to attend meetings when appropriate to provide advice. However, no director is present or takes part in discussions concerning their remuneration.

There were 7 committee meetings during 2018. Richard Bennett and Niki Beattie attended all the meetings.

The Company has adopted the UK Corporate Governance Code in full except the elements of the Code that relate to Remuneration, which it intends to adopt for the financial year 2020 onwards. The current remuneration framework is under review post the IPO. The plan is to transition to a new remuneration framework in 2020 that is more suited to Aquis' next stage of growth as a listed Company.

For the reasons outlined above the Company does not intend to move a resolution at the Annual General Meeting to approve the Remuneration Policy. The Remuneration Policy has been reviewed by the Committee with input from senior management and approved by the Board.

DIRECTORS' AND EMPLOYEES' REMUNERATION

The Aquis Remuneration Policy is to motivate employees appropriately in the context of the Company's objectives and culture and to ensure it is aligned with shareholder interests. The policy encourages compliance with the requirements and standards of the regulatory system, whilst taking care to avoid encouraging behaviours which may lead to conflicts of interest and potentially damage the best interests of its members/clients. It is not the intention to bring employees into conflict with the regulatory regime through inappropriate remuneration policies.

The Board recognises that Aquis operates within a competitive environment and that Company performance depends on the individual contributions of the Directors and employees. It believes in rewarding financial performance and long-term vision and innovation that will help grow the Company.

NOMINATIONS

During 2018 there were a number of Board and Committee changes in particular in the lead up to the Listing. The Board had identified the need to strengthen its experience by the recruitment of an additional director with professional accounting qualification who would act as the chairman of the Audit, Risk and Compliance Committee (ARCC).

The Board is committed to Equality and Diversity throughout the Company and seeks to attract and retain a diverse and talented workforce through the recruitment and selection processes. The role was advertised on a specialist NED website, targeting female Directors, as well as on the Aquis website. Short listed candidates were interviewed by the Committee and senior management. After the interview process Mark Goodliffe was proposed by the Committee to the Board and was duly elected as a Non-Executive Director and Chairman of the ARCC on 20th March 2018.

On 14th May the Board announced the resignations of Donall McCann and Sean Melnick and on the 8th June the resignations of Jaroslaw Grzywinski and Izabela Olszewska as Non-Executive Directors.

With the growth in technology sales the Board identified a need to further increase the experience of the Board by recruiting an additional director with experience in software development, sales and marketing and an understanding of financial markets and fin tech culture. The Company does not have a Human Resources department and decided to broaden its search by using an HR Consultant to identify suitable candidates aligned to its policies on equality and diversity who were then interviewed by the Committee and senior management. Glenn Collinson was proposed by the Committee to the Board and was duly elected to the Board as a Non-Executive Director on 7th January 2019. He has joined the N&RC.

Nomination and Remuneration Committee Report continued

With the changes made during the year, the Committee believe that the current composition of the Board and its Committees is appropriate to meet the Company's business, regulatory and governance objectives; however it will continue to keep the position under regular review when the range of skills and capabilities at Board level are assessed for their relevance to the execution of the Company's strategy. A Board strategy session was held in June 2018 and the wide range of business experience on the Board contributed to the breadth of discussion.

The Committee supports the ongoing development of the Board and the Executive team to ensure that the Company retain and recruit the best talent for its needs and supports the Board. During the year the Committee considered the likely business needs of the Company and its existing executive management capability and the independence, effectiveness and commitment of each of the Non-Executive Directors. It was satisfied with the contributions and time commitment of all the Non-Executive Directors during the year.

This year all the Directors will stand for re-election at the Annual General Meeting with the support of the Board.

The Company undertakes an internal annual Board evaluation. In 2018 the evaluation required each Director to complete an anonymous online questionnaire that focused on matters such as the Board's performance and collective judgement, the performance of each of its Committees, the Board's focus on strategy, innovation and risk, the relationship between the Non-Executive and Executive Directors and the performance of the Chairman. The survey included open questions that encouraged Directors to provide comments or enabled them to raise any concerns. The output of this survey was collated and provided to the Board for discussion. The Senior Independent Director also undertook a review of the Chairman's performance with the other Non-Executive Directors. The overall results were positive with areas for improvement identified and there were no specific material concerns raised by any of the Directors to the Chairman or Senior Independent Director, or anonymously through the online survey.

DIRECTORS' REMUNERATION

The remuneration of the Executive Directors is designed to attract, motivate and retain directors of the calibre necessary to effectively execute the strategic objectives of the Company and to enhance shareholder return. The remuneration packages are designed to reflect the success of the Company's performance while maintaining a balance between short and long term performance and reward. The principal strategic objectives of the Company are to enhance shareholder value through establishing a stable profitable business based on growing the equity exchange and technology licensing activities.

The Committee has established the Executive Directors' remuneration packages after giving due consideration to the Company's strategic objectives, business model, competitive environment and current circumstances as the Company transitions from private to listed Company and the markets in which it operates. In 2018, the remuneration model transitioned from a salary and cash bonus only to also include an EMI options scheme. The Company

will be considering its remuneration model in 2019 and will consult with stakeholders.

The Committee has exercised discretion on the Executive Directors' remuneration awards, including consideration of the execution of the strategic plan, annual performance review and the effect of corporate performance on environmental, social and governance issues.

Aquis maintains a strong commitment to Corporate Social Responsibility Equality, Diversity and Human Rights. As prescribed by law, the Company commit that no existing or potential employee will receive less favourable treatment due to their race, creed, nationality, colour, ethnic origin, sexual orientation, gender, gender reassignment, marital status, membership of a trade union, disability, or any other criteria. The Committee has ensured that the incentive structure for the Executive Directors does not raise any environmental, social or governance risk and can confirm no issues of this nature occurred during the year.

When the Company listed the Admission document set out in detail the proposed remuneration packages and performance awards for Executive Directors. No further shareholder consultation was undertaken during the year.

The Committee determines the appropriate remuneration package when appointing an Executive or Non-executive Director with reference to the short term and long term objectives of the Company.

An Executive Director's remuneration package has been made up of:

- Base salary and benefits: at a level to attract, motivate and retain Directors of the calibre necessary to enhance the strategic growth of the Company
- Discretionary cash bonus: not to exceed 100% of base salary and
- Discretionary share awards/options: to align with long term Company growth and Executive Directors' and shareholders' objectives

The award of a discretionary cash bonus is dependent on the Company and individual performances measured against agreed KPIs. At the outset of the year, the Board approved KPIs for the Executive Directors. KPIs were aligned to overall financial targets and to non-financial targets such as market share and business sustainability. At the end of the year, the Board assessed financial performance of the Company and adjusted the pool accordingly. The Board assessed the Company's performance against non-financial targets and used this to adjust individual Executive awards accordingly. Key Management personnel received a cash bonus in January, after the Company's full year results were finalised.

The Non-Executive Director's remuneration package consists solely of annual fees. The Non-Executive Directors may not participate in any pension or share scheme, operated by the Company or be entitled to any bonus. Each of them is entitled to be reimbursed for reasonable expenses properly incurred arising from the performance of their duties as a director of the Company.

The Executive Directors' total remuneration has increased in 2018 (compared to 2017) reflecting the award of discretionary and performance based reward. The reward has been determined with reference to the Company and Executive Directors' agreed financial

and non-financial KPIs and their performance measured against these targets.

The remuneration of the Directors in the following tables represent the remuneration paid to the Directors in 2018 and 2017.

2018 (Audited)

Director	Salary / Fees	Performance bonus max potential	Performance bonus actual	Taxable benefits	Total
Niki Beattie	£50,000	-	-	-	£50,000
Alasdair Haynes	£225,000	£95,750	£68,730	£27,263	£320,993
Jonathan Clelland	£225,000	£95,750	£68,730	£27,603	£321,333
Richard Bennett	£40,000	-	-	-	£40,000
Mark Spanbroek	£36,250	-	-	-	£36,250
Mark Goodliffe ⁽¹⁾	£32,615	-	-	-	£32,615

Note 1: Mark Goodliffe joined the Board in March 2018.

2017 (Audited)

Director	Salary / Fees	Performance bonus max potential	Performance bonus actual	Taxable benefits	Total
Niki Beattie	£50,000	-	-	-	£50,000
Alasdair Haynes	£225,000	-	-	£6,940	£231,940
Jonathan Clelland	£225,000	-	-	£6,210	£231,210
Richard Bennett	£40,000	-	-	-	£40,000
Mark Spanbroek	£40,000	-	-	-	£40,000

Currently the Executive Directors do not serve as non-executive directors at other companies.

The Executive Directors' remuneration packages include private health cover (individual and family), permanent health cover and life assurance cover. The Executive Directors are entitled to join the pension scheme but have decided to opt-out of auto-enrolment.

In addition to public holidays the Executive Directors are entitled to 25 working days of paid holiday in each complete holiday year.

All Director's service contracts are available for inspection at the principal office address.

Employees' remuneration packages are determined with reference to market benchmarking surveys. The Company undertakes an annual review of all employees' remuneration packages.

In addition to the remuneration packages awarded to the Directors and employees the Company operates a share-based incentive plan and a defined contribution pension scheme.

EMPLOYEE SHARE PLANS

The Company operates an Enterprise Management Incentive Share Option Plan ("EMI Share Option Plan") the main features of which are set out below.

EMI Share Option Plan

The EMI Plan is a discretionary share plan, under which the Board may grant options over Ordinary Shares, to incentivise and retain eligible employees.

Administration

The EMI Plan is administered in accordance with its rules. The Board, which acts through the Committee, approves option grants and determines applicable performance conditions.

Eligibility

The Board may grant EMI options to eligible employees and non-EMI options to any employee of the group and to such other persons as may be nominated for option grants. In the case of tax approved EMI options, full-time working requirements must be met which means that the employee must be required to work 25 hours a week or, if less, 75% of the employee's working time. Employees who have a material interest in the Company cannot be granted EMI options. A material interest is either beneficial ownership of, or the ability to control directly or indirectly, more than 30% of the ordinary share capital of the Company.

Options may be granted within 42 days immediately following the end of a Closed Period (which has the same meaning as in the Market Abuse Regulation (596/2014)) and, if the Board decides exceptional circumstances justify it, within any other period.

Nomination and Remuneration Committee Report *continued*

No consideration will be payable for the grant of options.

Exercise price

The exercise price of options will be the closing price of an Ordinary Share on the Business Day before the date of grant (and which cannot be less than the nominal value of an Ordinary Share).

Exercise and lapse of options

(i) Vesting

Options will vest in tranches of one third on the first, second and third anniversary of the date of grant. The Board may waive or vary conditions after the option has been granted, provided any varied condition is considered to be an improvement, no more difficult to satisfy than the original condition and, unless the variation was approved in advance by the Company in general meeting, not materially easier to satisfy.

The last date for exercise of an option will be the tenth anniversary of its grant. Each option is personal to the option holder and any transfer of, or the creation of any charge, pledge or other encumbrance over, the option will cause it to lapse.

(ii) Cessation of employment

In the case of death, an option holder's personal representative may exercise his/her options within twelve months of the date of death.

If an option holder ceases to be an employee before the normal vesting date by reason of injury, ill health, disability, redundancy, the employing Company no longer forming part of the same group as the Company or the sale/transfer of the option holder's employing Company or business outside of the group, options are exercisable, during the 60 days from the earlier of the normal vesting date and the date of cessation.

If an option holder ceases to be an employee before the normal vesting date for any other reason, any outstanding options will lapse unless the Board permits the exercise of the options according to a pro rata time formula during the 60 days from the cessation of employment.

If an option holder ceases to be an employee on or after the normal vesting date for any reason other than summary dismissal, the options may be exercised in the 60 day period following cessation of employment, and the Board must decide whether the options of an employee who has been summarily dismissed can be exercised in the same 60 day period.

(iii) Corporate events

In the event of a takeover, scheme of arrangement or other change of control of the Company, the exercise of options will be at the Board's discretion.

In the event of the voluntary winding up of the Company, the options are exercisable according to a pro rata time formula at any time before the resolution for the voluntary winding up is passed.

If the options are not exercised within an appropriate period, generally 60 days after the relevant event, they will lapse. There is a

provision allowing for a roll-over of options provided that, in the case of EMI options, such new options continue to meet EMI qualifying conditions.

Rights attaching to Ordinary Shares

Ordinary Shares issued on the exercise of an option will rank pari passu with the Ordinary Shares then in issue (except in respect of entitlements arising prior to the date of the allotment). The Company will apply to the London Stock Exchange for the newly issued Ordinary Shares to be admitted to trading on AIM.

Limits

The employee share plans will operate over Ordinary Shares that will be newly issued. The rules of the EMI Option Scheme provide that, in any 10 year rolling period, not more than 10 per cent of the Company's issued ordinary share capital may be issued under the EMI Option Scheme and under any other employee share plan adopted by the Company.

Over and above this 10 per cent, 10 year limit, the Company has not adopted a binding limit for each recipient for issues under discretionary employee share plans, but the Remuneration Committee will take relevant investor guidance (amongst other factors) into account when making awards under such plans.

Awards which are relinquished or lapse will be disregarded for the purposes of these limits.

Variation of capital

In the event of any variation of share capital by way of capitalisation (other than a scrip dividend), rights issue, consolidation, sub-division or reduction of share capital or other variation, the number and description of shares comprised in subsisting options and the exercise price may be adjusted by the Board in such manner that the Board deems to be fair and reasonable in their opinion and with effect from such date as the Board may determine to be appropriate.

Benefits not pensionable

The benefits received under the EMI Option Scheme are not pensionable.

Amendments

The Board may make amendments to the rules of the EMI Plan provided the amendment does not:

- (a) apply to options granted before the amendment was made; or
- (b) materially adversely affect the interests of option holders, except where the option holder consents to the amendment.

Further, while the Company's shares are traded on AIM, no deletion, amendment or addition to the advantage of option holders may be made except with the prior approval of the Company in a general meeting if the deletion, amendment or addition is in relation to:

- (i) the definition of Employee;
- (ii) the EMI Option Scheme's grant limits; or
- (iii) the adjustment of options following a variation of share capital.

Termination

No options may be granted under the EMI Option Scheme after the tenth anniversary of its adoption.

In approving the EMI Plan on 7 June 2018 the Board authorised the issue of options over 5% of the then issued share capital over a two

year period from the Listing, comprising 1,357,478 options. The Board awarded options over 564,124 ordinary shares with a value of £1,517,500 in total to all qualifying employees conditional on the Listing including options to the Executive Directors as part of the scheme as follows:

Director	Number of options	Exercise price	Vesting dates
Alasdair Haynes	120,817	£2.69	June 2019 – June 2021
Jonathan Clelland	120,817	£2.69	June 2019 – June 2021

The options vest in 3 equal tranches and the options are exercisable for ten years from the vesting date. There are no performance criteria attached to the vesting or the exercise.

Directors' shareholding and share interests

The following table summarises the shareholding and share interests of the Directors at 31 December 2018.

Director	Shares	Options	Total
<i>Executive</i>			
Alasdair Haynes	1,551,551	120,817	1,672,368
Jonathan Clelland	576,000	120,817	696,817
<i>Non-Executive</i>			
Mark Spanbroek	319,128		319,128

RETIREMENT BENEFIT SCHEMES

Pension obligations

The Company has defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined contribution schemes

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans in 2018 are £207,751 (2017 – £95,690).

Directors' service contracts terms

The Company contract term policy is to establish Executive Directors' notice period in line with market norms and non-executive directors' contract terms of 3 years duration.

The Executive Directors' contracts are subject to 6 months' notice period.

The unexpired Non-Executive directors service contract terms are as follows:

Director	Term
Niki Beattie	June 2019
Richard Bennett	June 2020
Mark Spanbroek	June 2020
Mark Goodliffe	June 2021
Glenn Collinson ⁽¹⁾	June 2022

Note 1: Glenn Collinson joined the Board on 7th January 2019

The ratio of the salary of the Chief Executive to the average employee remuneration (excluding Non-executive Directors) was 3.2:1.

Directors' Report

Board of Directors

Executive Directors

Alasdair Haynes CEO

Appointed to the Board March 2012

Jonathan Clelland CFO

Appointed to the Board October 2012

Non-Executive Directors

Niki Beattie Chairman

Appointed to the Board January 2013

Richard Bennett Senior Independent

Appointed to the Board March 2014

Mark Spanbroek

Appointed to the Board March 2013

Mark Goodliffe

Appointed to the Board March 2018

Glenn Collinson

Appointed to the Board January 2019

In addition, Non-executive Directors who served on the Board during 2018 were:

Jaroslav Grzywinski resigned 8th June 2018

Donall McCann resigned 14th May 2018

Sean Melnick resigned 14th May 2018

Izabela Olszewska resigned 8th June 2018

Board Committees

The Aquis Board has established two committees the Audit, Risk and Compliance Committee (ARCC) and the Nominations and Remuneration Committee (N&RC).

The ARCC is chaired by Mark Goodliffe since June 2018. Previously it was chaired by Richard Bennett who resigned from the ARCC in December 2018. Mark Spanbroek, Alasdair Haynes and Jonathan Clelland are also members. Mark Goodliffe and Mark Spanbroek have considerable accounting experience, and both have previous Audit Committee experience which includes financial reporting and internal control reviews.

The ARCC is responsible for reviewing a wide range of matters, including reviewing the annual financial statements, internal audit reports, compliance submissions, MLRO reports, risk assessments and ICAAP assessments. Minutes of ARCC meetings are tabled at subsequent Board meetings and a summary review of the ARCC's activities is presented to the Board by the chair of the ARCC on a quarterly basis.

The management team is responsible for ensuring the "right tone at the top" and that the ethical and compliance commitments of management and employees are understood and adhered to throughout the Company. The ARCC supports and provides guidance on this area. This is achieved through adherence to the Company's core values, annual compliance training and a whistleblowing policy.

The ARCC meets at least 4 times per year. The ARCC advises the Board on the appointment of external auditors and on their remuneration for the audit work, and discusses the nature, scope and results of the audit with the external auditors.

The ARCC has established a comprehensive assessment of the internal and external risks which could adversely affect the Company. The risks include all issues identified through the internal audit assessments. These risks are reviewed quarterly by the ARCC.

The N&RC is chaired by the Senior Independent Director Richard Bennett. The other member of the N&RC is Niki Beattie. In January 2019 Glenn Collinson joined the Board and the N&RC.

The N&RC is responsible for assessing the skills of the Board as a whole, succession planning for the Board and Executive Committee, identifying and selecting candidates as required.

The N&RC supports the ongoing development of the Board and the Executive team to ensure that the Company retain and recruit the best talent for its needs and supports the Board in its work to secure the long-term health of the Company and its strategy for success in a fast-changing world.

The N&RC is also responsible, inter alia, for assessing, reviewing and recommending to the Board the remuneration packages of all Directors and other members of the Executive Committee and approving the remuneration packages for all other employees.

The remuneration of the Executive Directors is designed to attract, motivate and retain directors of the calibre necessary to effectively execute the strategic objectives of the Company and to enhance shareholder return. The remuneration packages are designed to reflect the success of the Company's performance while maintaining a balance between short- and long-term performance and reward. The principal strategic objectives of the Company are to enhance shareholder value through establishing a stable profitable business based on growing the equity exchange and technology licensing activities.

In addition to the two Board committees Aquis has created an Executive Committee and a Management Committee to help facilitate day-to-day administration management.

Governance summary

Directors' Board and committee attendance during 2018 is summarised below:

Director	Board	ARCC	N&RC
Niki Beattie	7/7	1/1	7/7
Alasdair Haynes	7/7		
Jonathan Clelland	7/7		
Richard Bennett	7/7	4/4	7/7
Mark Spanbroek	7/7	4/4	
Mark Goodliffe	6/6	4/4	

Dividend

The Directors do not recommend the payment of a dividend.

Audit information disclosure

So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware and the Directors have taken all reasonable steps to ascertain any relevant audit information and ensure the auditors are aware of such information.

Pension obligations

The Directors can confirm that at 31st December 2018 there were no qualifying third party indemnity provisions nor qualifying pension scheme indemnity provisions, for the benefit of Directors of the Company or directors of associated companies and that such provisions were not in force during the financial year.

Political contributions

The Directors can confirm that no political contributions were made during the year.

Risk management policies and objectives

The Company's financial instruments comprise cash and liquid resources including trade receivables arising directly from its operations. The main financial risks arising from these financial instruments are credit, liquidity, foreign currency and interest rate risk. The Company actively monitors the balances and risks but has not formulated any hedging policies as the Directors do not consider the exposure to be material. The Company does not use any financial derivatives.

Post balance sheet events

The Directors can confirm that there were no significant post-balance sheet events.

Future developments

The Company has made significant progress in both its exchange and technology licensing activities during 2018 and is well positioned to continue this growth during 2019 and thereafter.

Third party analysis shows that Aquis Exchange is consistently offering at the best price deeper liquidity than many other competing platforms. The potential for new customers continues to increase as the trading opportunities on the Aquis Exchange become more

widely recognised as does the opportunity for increased trading volumes. Firms who are focussed on best execution have already increased their activities on Aquis Exchange and it is anticipated that others will follow during 2019.

Licensing activities continue to grow across a range of asset classes in particular as the Company's brand and reputation strengthens and regulatory changes generate new requirements for investment banks, brokers and trading companies. In addition, the continued growth in the Company's exchange activities helps promote the quality of the technology and assist in generating technology licensing opportunities internationally and across different asset classes through Aquis Technology.

Research and development

The Company is committed to continue to invest in research and development to enhance the quality, efficiency, effectiveness and breadth of its technology. The Company has made significant progress through the course of the year in enhancing the core matching engine and introduction of new order types. In addition, the Company through Aquis Technology has delivered / been mandated to deliver technology solutions to clients across a number of different asset classes. This progress reflects the quality and market reputation of the Company's technology which is underpinned by the significant investment in research and development.

Subsidiary companies / Associates / Branches outside of the UK

The Company has established a subsidiary Company in France – Aquis Exchange Europe SAS. This subsidiary Company received regulatory approval to operate as an MTF from the Autorité des Marchés Financiers (AMF) in January 2019. It is the intention that this subsidiary Company will drive the European growth aspirations of the Company.

Aquis does not have any other associate companies or branches outside of the UK.

Share purchases

The Directors can confirm that no acquisitions of Aquis shares were made by them during the course of the year.

Directors' Report continued

Share Capital Structure

Aquis Exchange PLC listed on the AIM market of the London Stock Exchange on 14th June 2018. The Company has 27,417,711 ordinary shares of 10p each in issue.

The shareholders with a significant holding > 3.0% in Aquis at 31st December 2018 were as follows:

Mr R Ricci	7.9%
XTX Markets	6.9%
Miton Asset Management	6.2%
Invesco Perpetual Asset Management	6.0%
Mr A Haynes	5.7%
Banca Akros	5.1%
Kendall Capital Markets	5.0%
Canaccord Genuity Wealth Management	3.9%
Rathbone Investment Management	3.6%
Mr A Mendelowitz	3.3%
Mr G Roveda	3.0%
Schroder Investment Management	3.0%

At 31st December 2018 there were no securities carrying special rights and no restrictions on voting rights. At 31st December 2018 4,265,733 shares representing 15.7% of the total issued share capital were restricted and not in public hands.

The Company operates an Employee Share Incentive Plan (SIP). The voting rights of the shares held in the SIP trust are managed and controlled by the SIP trustee.

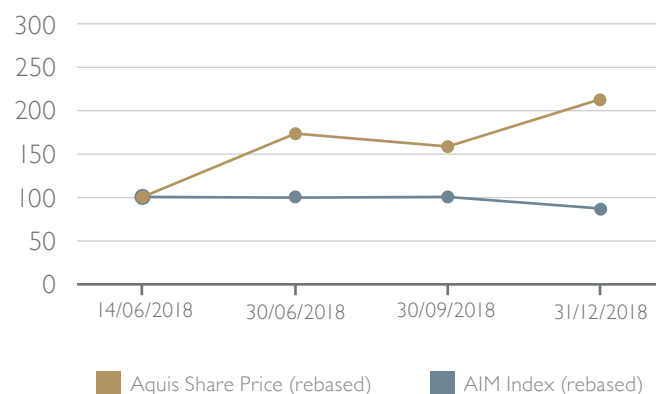
The Board of Directors has the authority to appoint and remove a Director. Directors' appointments are subject to shareholder approval annually.

There are no significant agreements that would alter or terminate on a change of control of the Company and no agreements with directors or employees for compensation for loss of office or employment that occurs because of a successful takeover of the Company.

Shareholder return

Since the IPO on 14th June to 31st December 2018 Aquis shareholders' return amounts to 114% compared to the AIM market of the London Stock Exchange which reported a decreased return for the same period of (23)%.

AQUIS SHAREHOLDER RETURN 2018



Source: Factset

Professional development programs

The Company supports the continued development of the Directors. This is achieved through attendance at in-house presentations.

Corporate Governance

The Company has adopted the UK Corporate Governance code (UKCG) in full except the elements of the Code that relate to Remuneration which it intends to adopt for financial year 2020 onwards.

The confirmation of the UKCG adopted by the Company is available on the Company's website www.aquis.eu

Carbon Dioxide Emissions

The Company is a financial services exchange with a small number of personnel and associated office space. The directors have decided not to include an estimate of the carbon dioxide emissions as they believe this to be immaterial.

Principal risks and uncertainties

The Company undertook an extensive review of the principal risks and uncertainties as part of the AIM listing process which were detailed in the Admission document. The Directors have updated these risk assessments reflecting the progress the business has made and other general market, regulatory, economic and political events during the subsequent 6 months since listing and these assessments are detailed below:

- The Company is at an early stage of its life cycle and is dependent on growing customer numbers, trading volumes and market share.
- To the extent that global, European or UK economic conditions weaken, the Company's trading volumes and other businesses may be negatively affected.
- If the UK exits from the EU this could impact the regulatory framework applicable to the Company's business, or the market and economic conditions in which it operates. The Company

has established contingency plans including obtaining regulatory approval to operate in the EU to mitigate the risks arising from Brexit and, the anticipated loss of EU passporting rights.

- The Company operates in highly regulated markets and is required to maintain sufficient regulatory capital and comply with all legal and regulatory requirements to necessary to operate the Company's business.
- The Company's future development and prospects depend on its capacity to attract and retain key personnel.
- The Company's networks and those of its third-party service providers may be vulnerable to security risks, cyber-attack or other leakage of sensitive data although the Company takes precautions to protect data in accordance with applicable laws.
- The Company is exposed to credit risk from third parties, including customers, clearing agents and counterparties.
- Changes in tax law may result in an increase in the overall tax burden of the Company and its customers which could have a material adverse effect on the Company's business.
- The Company is reliant on copyright, trade secret protection, database rights and confidentiality and licence agreements with its employees, clients and others to protect its intellectual property rights and has taken steps consistent with industry practice to reduce these risks.
- The Company is subject to a number of laws relating to privacy and data protection, including the UK's Data Protection Act 1988 and the Privacy and Electronic Communications (EC Directive) Regulations 2003 and the EU General Data Protection Regulation (GDPR) and has established controls to protect the confidentiality and integrity of customer information.
- The Company's Member revenue concentration is relatively high but reducing as member numbers increase.

Financial reporting process – internal control and risk management systems

The Company has established review processes, internal controls and risk management systems in relation to the financial reporting process.

Aquis has recruited a Board of directors with the relevant financial and other complementary skills to exercise oversight over reporting of, and assessment and use of, the Company's financial information and to provide robust challenge to management. The principal committee which oversees this area is the ARCC.

The principal business activities of Aquis have low risk levels, there are no transaction risks and credit risk is low given that the clients are large financially secure financial institutions who are invoiced monthly; however in order to ensure that Aquis reviews and manages the business risks effectively management maintain a risk register which addresses all the identified business risks and is reviewed and assessed by the ARCC on a quarterly basis.

The financial statements are subject to external audit before being reviewed and approved by the Board prior to shareholder approval. Half yearly reports are subject to review by the external auditors.

Aquis prepares monthly management accounts that are presented to the Board. These consist of monthly P/L compared with Budget, Balance Sheet, variance commentary and forecast regulatory capital surplus and cash flow for the rest of the calendar year.

All new exchange members, software licences and expenditure are authorised by the CFO. New clients are subject to Know Your Clients (KYC) and Anti-Money Laundering (AML) checks by the Aquis compliance department. All software licenses are reviewed and approved by the CFO who also authorises all client invoices.

Aquis utilises an external provider for the internal audit function. The ARCC approve the departments / functions that are audited. All key operational departments / functions are audited within a 3 year period.

Any issues raised by the external audit team will be communicated to, considered by and logged by the ARCC. The external and internal audit team are granted access to ARCC and Board papers and any issues identified by the external audit team will be communicated to the internal auditors by the CFO.

Aquis has established clear disaster recovery plans which are tested regularly. The plans focus on the exchange functionality and Aquis ability to ensure trading activities can continue under any circumstances and providing support as required for technology clients. Initiation of the disaster recovery plan is authorised by either the CEO or the CFO. The crisis management plans include the ability to manage activities from home and / or the requirement to take on new premises (temporarily or if necessary, permanently) and include the ability to access all systems including Aquis' financial systems.

Access to IT networks, equipment, storage media and program documentation is restricted to authorised individuals. All Aquis information is stored in secure dedicated Data Centres. Access to the data centres is restricted. All information is password controlled and the IT infrastructure department monitor system usage. Access to IT systems, programs, master data, transaction data and parameters and to processing in web-based or web-enabled financial systems is restricted and password controlled.

Aquis has clearly defined whistleblowing policies which are set out in the Staff Handbook which is distributed to all employees when they join the Company. The whistleblowing policies are also included in the compliance training program which all employees undertake annually. These policies include escalation of problems and concerns to senior management and the monitoring of how these are addressed. The policies provide clear guidance on reporting concerns including if required to the Chairman. Alternatively, employees can report concerns directly to the FCA.

Diversity policy

The Company has adopted a formal diversity policy. This policy reinforces the commitment to providing equality and fairness to all

Directors' Report continued

the Company's employees and not providing less favourable facilities or treatment on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, ethnic origin, colour, nationality, national origin, religion or belief, or sex and sexual orientation. The Company is opposed to all forms of unlawful and unfair discrimination and is committed to recruit, develop and promote candidates based purely on the merits of the individual.

Statement of Directors' responsibilities

The Directors are required by the Companies Act 2006 to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the profit or loss of the Company for the financial year. Under that law, the Directors are required to prepare the Company financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework' (UK Accounting Standards and applicable law). In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the EU and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Company financial statements;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006 and with regard to the Company financial statements, Article 4 of the IAS Regulation. They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's performance, business model and priorities.

Each of the Directors, whose names and functions are set out on page 20 confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and
- the Strategic report contained within this document includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Company faces.

The statement of the Directors' Responsibilities was approved by the Board of Directors on 19 March 2019 and is signed on its behalf by:



Alasdair Haynes
CEO

Jonathan Clelland
CFO

Independent Auditor's Report

To the Members of Aquis Exchange PLC

Report on the audit of the financial statements

Opinion

In our opinion, Aquis Exchange PLC's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income for the year then ended 31 December 2018; the statement of cash flows for the year then ended 31 December 2018; the statement of changes in equity for the year then ended 31 December 2018; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall materiality: £170,000, based on 5% of average loss before tax over 3 years.
- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment and other qualitative factors.
- Timing of revenue recognition in relation to Licence fees.
- Valuation of the expected credit loss for trade receivables.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter

Timing of revenue recognition in relation to Licence fees

As explained in note 2 to the financial statements, IFRS 15 was adopted by the company on 1 January 2018. Under this standard, revenue from contracts with customers relating to licence fees is recognised once the relevant contractual terms relating to each performance obligation have been achieved, and other recognition criteria have been met. This can be either over time or point in time which impacts the recognition timing of the revenue.

How our audit addressed the key audit matter

We gained an understanding of management's process for identifying revenue and appropriately recognising it under the requirements of IFRS 15, including identification of performance obligations and the apportionment of revenue to each obligation.

We reviewed a sample of contracts to determine whether fees were recognised in accordance with contractual terms under IFRS 15 and that license fees were appropriately recognised as "point in time".

Independent Auditor's Report continued

To the Members of Aquis Exchange PLC

We focused on this area as this new standard may be applied incorrectly and certain judgement is required and this creates a risk of licence fees not being recognised in an appropriate period.

We reperformed the calculation performed by management to recognise revenue in the correct period for all contracts.

In addition, we tested a sample of the cash flows in the underlying contracts to bank statements to confirm that the contracts had economic substance.

No material misstatement was identified as a result of this work and we consider that our procedures are appropriate to mitigate the risk of misstatement and have concluded that revenue is correctly recorded in the correct period.

Valuation of the expected credit loss take for trade receivables

As set out in note 2 to the financial statements, the company has adopted IFRS 9 from 1 January 2018. In adopting IFRS 9, the company is required to provide for the expected credit loss ("ECL") of all trade receivables.

The material inputs to these calculations include probability of default ("PD") and loss given default ("LGD"). These inputs are subjective and for the trade receivables generated from the up-front recognition of licence fees, there is the risk that inappropriate or incorrect inputs could lead to a material misstatement in the ECL. Hence this was a focus of our audit.

We gained an understanding of management's process for calculating the ECL for their trade receivables including identification of PD and ECL.

We agreed with management's conclusions that the ECL should be calculated over the lifetime of the trade receivable.

We challenged management's assumptions by understanding the underlying counterparties, their history and regulatory status, and the expectation leading to the calculation of both PD and LGD.

We stressed both inputs to reasonably possible alternatives for each material contract and noted that the calculated change in ECL would be immaterial in the context of our overall materiality.

We recreated the model used by management and confirmed that it was accurate.

We reviewed the disclosure of the accounting estimate and agreed that it was appropriate.

No material misstatement was identified as a result of this work and we concluded that the appropriate assumptions were used and the impairment of trade receivables is reasonable.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£170,000.
How we determined it	5% of average loss before tax over 3 years.
Rationale for benchmark applied	We believe that profit/loss before tax is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. Given the nature of the entity, its historical losses, and its future plans to head towards profitability, an average profit/loss over three years is considered the most appropriate measure, to remove volatility year on year.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £8,500 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent Auditor's Report continued

To the Members of Aquis Exchange PLC

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors'

Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 24, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditor's Report continued

To the Members of Aquis Exchange PLC

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.
- We have no exceptions to report arising from this responsibility.

Other voluntary reporting

Directors' remuneration

The company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the Companies Act 2006.

The directors requested that we audit the part of the Directors' Remuneration Report specified by the Companies Act 2006 to be audited as if the company were a quoted company.

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.



Mike Wallace (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

March 2019

Statement of Comprehensive Income

For the year ended 31 December 2018

	Notes	2018 £	2017 £
Revenue	5	3,981,910	2,014,590
Expenses		(7,089,146)	(5,291,360)
Gross loss		(3,107,236)	(3,276,770)
Impairment credit	5	424,194	-
Adjusted loss		(2,683,042)	(3,276,770)
Exceptional items	6	(1,011,853)	-
Operating loss	8	(3,694,895)	(3,276,770)
Investment revenues	11	30,139	9,961
Loss before taxation		(3,664,756)	(3,266,809)
Income tax credit	12	247,389	222,215
Loss and total comprehensive income for the year	25	(3,417,367)	(3,044,594)
Earnings per share (pence)	13		
Basic			
Ordinary shares		(21)	-
A shares		-	(515)
B shares		-	(161)
Diluted			
Ordinary shares		(20)	-
A shares A shares		-	(515)
B shares B shares		-	(161)

The income statement has been prepared on the basis that all operations are continuing operations.

There was no other comprehensive income or deficit in the year or the preceding financial year.

Statements of Financial Position

As at 31 December 2018

	Notes	2018 £	2017 (Restated) £
Non-current assets			
Intangible assets	14	637,539	664,018
Property, plant and equipment	15	541,933	282,492
Investments	16	9,020	-
Other receivables	18	841,288	276,534
		2,029,780	1,223,044
Current assets			
Trade and other receivables	18	1,822,690	1,453,922
Current tax recoverable		-	222,215
Cash and cash equivalents		11,609,901	3,985,541
		13,432,591	5,661,678
Total assets		15,462,371	6,884,722
Current liabilities			
Trade and other payables	20	892,364	275,911
Net current assets		12,540,227	5,385,767
Total liabilities		892,364	275,911
Net assets		14,570,007	6,608,811
Equity			
Called up share capital	22	2,714,996	17
Share premium account	23	10,839,981	23,517,321
Other reserves	24	92,446	-
Retained earnings	25	922,584	(16,908,527)
Total equity		14,570,007	6,608,811

The notes to the accounts on pages 33 to 48 form an integral part of these financial statements. The financial statements were approved by the board of directors and authorised for issue on 19 March 2019 and are signed on its behalf by:



J Clelland
Director



A Haynes
Director

Company Registration No. 07909192

Statement of Changes in Equity

For the year ended 31 December 2018

	Notes	Share capital	Share premium account	Other reserves	Retained earnings	Total
		£	£	£	£	£
AS RESTATED FOR THE PERIOD ENDED 31 DECEMBER 2017:						
Balance at 1 January 2017		17	23,517,321	-	(15,407,444)	8,109,894
Loss and total comprehensive income for the year		-	-	-	(3,044,594)	(3,044,594)
Balance at 31 December 2017		17	23,517,321	-	(18,452,038)	5,065,300
YEAR ENDED 31 DECEMBER 2017:						
Effect of change in accounting policy		-	-	-	1,543,511	1,543,511
Balance at 31 December 2017		17	23,517,321	-	(16,908,527)	6,608,811
YEAR ENDED 31 DECEMBER 2018:						
Loss and total comprehensive income for the year		-	-	-	(3,417,367)	(3,417,367)
Issue of share capital	22	446,097	10,840,020	-	-	11,286,117
Elimination of Share Premium account	22	2,268,882	(23,517,360)	-	21,248,478	-
Recognition of share option reserve		-	-	92,446	-	92,446
Balance at 31 December 2018		2,714,996	10,839,981	92,446	922,584	14,570,007

Statement of Cash Flows

For the year ended 31 December 2018

	Notes	2018		2017 (Restated)	
		£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	31		(4,021,908)		(3,003,077)
Tax refunded/(paid)			469,604		-
Net cash outflow from operating activities			(3,552,304)		(3,003,077)
Investing activities					
Increase in intangible assets		(422,522)		(440,461)	
Purchase of property, plant and equipment		(421,934)		(300,740)	
Investment in subsidiaries		(9,020)		-	
Interest received		30,139		9,961	
Net cash used in investing activities			(823,337)		(731,240)
Financing activities					
Proceeds from issue of shares		12,000,001		-	
Net cash generated from/(used in) financing activities			12,000,001		-
Net increase/(decrease) in cash and cash equivalents			7,624,360		(3,734,317)
Cash and cash equivalents at beginning of year			3,985,541		7,719,858
Cash and cash equivalents at end of year			11,609,901		3,985,541

Note to the Financial Statements

For the year ended 31 December 2018

I. ACCOUNTING POLICIES

Company information

The company is a public limited company which is incorporated and domiciled in England and Wales. Its registered office is located at Palladium House, 1-4 Argyll Street, London, W1F 7LD.

I.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The comparative balance sheet, cash flows and certain note disclosures have been restated owing to the change in accounting policy and application. This is further explained within note 25.

I.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Whilst the company has made a loss in the year, there are substantial cash reserves, and a positive balance sheet, due to high levels of investment within the company.

Additionally, the directors are confident that the company will begin to generate profits in the coming years. There has been a growth in revenue of 100% between the current year and comparative year. Additional revenue growth is projected for 2019, with profits forecast for future years.

I.3 Revenue

Turnover represents amounts receivable for subscription fees and fees receivable for the licensing of software net of value added tax.

All revenue is generated by contracts with customers and is therefore recognised in accordance with IFRS 15, which the Company has applied for the first time this year.

Revenue for exchange subscription services is recognised in the accounting year in which the services are rendered, by reference to the ongoing contractual obligation to provide subscription-based services.

Revenue from licensing contracts is assessed for each contract and split into two performance obligations: -Project fees and maintenance fees which are recognised over time as the obligations are met; and -Licensing fees which are considered a "right to use" license under IFRS 15 and are therefore recognised at a point in time when control of the license passes to the customer.

I.4 Intangible assets other than goodwill

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Internally developed intangible assets are recognised in the financial statements when all of the following criteria are met:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale is established
- there is an intention to complete the intangible asset and use or sell it
- the Company has the ability to use or sell the intangible asset

Note to the Financial Statements continued

For the year ended 31 December 2018

- the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset can be demonstrated
- adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset
- the Company has the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Where the above criteria are not met, costs incurred in research and development are recognised in the Statement of Comprehensive Income as incurred.

Intangible assets have been recognised in the financial statements as the Company has concluded that it has been able to reliably measure the expenditure attributable to the intangible asset during its development.

Amortisation is recognised so as to write off the cost or valuation of the assets less their residual values of their useful lives on the following basis: The development of trading platforms has been amortised straight line over 3 years.

1.5 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation or impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditure is included in the asset's carrying amount or is recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Fixtures, fittings and equipment	5 years straight line
Computer equipment	3 years straight line

1.6 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.8 Fair value measurement

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables) are assumed to approximate their fair values because of the short period to maturity and credit risk.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at bank.

1.10 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The company's loans and receivables comprise 'trade and other receivables', and 'cash and cash equivalents' in the statement of financial position.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Other receivables are defined as amounts due that are outside the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

IFRS 9

The Company has adopted IFRS 9 with effect from 1 January 2018. In applying this standard the Company has considered the impact of the application of an expected credit loss model when calculating impairment losses on its trade and other receivables (both current and non-current). In applying IFRS 9 the Company must consider the probability of a default occurring over the contractual life of its trade receivables and contract asset balances on initial recognition of those assets.

1.11 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

The company does not have any financial liabilities "at fair value through profit or loss".

The company has the following as non-derivative financial liabilities; 'trade and other payables' and 'accrued expenses'.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are not interest bearing and are initially recognised at fair value.

Accrued expenses

Accrued expenses are recognised at fair value, and are recognised in the accounting period in which those transactions, events, or circumstances occur.

Note to the Financial Statements continued

For the year ended 31 December 2018

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or upon expiry.

1.12 Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are charged against the share premium account.

1.13 Taxation

The tax expense/(credit) represents the sum of the tax currently payable/(repayable) and deferred tax.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future measurable taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Pension obligations

The company has defined contribution plans. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.16 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the US Options Binomial model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both

determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.17 Leases

Leases are accounted for in accordance with IAS 17 and IFRIC 4. The company currently only has operating leases which are accounted for as follows:

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income in equal amounts over the period of the lease.

1.18 Foreign exchange

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in UK Pound Sterling (£), which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

All foreign exchange gains and losses recognised in the income statement are presented net within 'administrative expenses'.

1.19 Research and development

Expenditure on research and development is capitalised in the year in which it is incurred. This represents wages costs of various personnel involved in developing the exchange platform and surveillance system. This asset is subsequently amortised as explained in note 1.4.

2 ADOPTION OF NEW AND REVISED STANDARDS AND CHANGES IN ACCOUNTING POLICIES

The following IFRS interpretations became effective during the financial year beginning on 1 January 2018.

- IFRS 9, 'Financial instruments', published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the 'classification and measurement' of financial instruments, including a new expected loss model for calculating 'impairment' on financial assets and a new general hedge accounting requirements. It also carries guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018 with early adoption permitted. The Company has adopted IFRS 9 with effect from 1 January 2018. In applying this standard the Company has considered the impact of the application of an expected credit loss model when calculating impairment losses on its trade and other receivables (both current and non-current). In applying IFRS 9 the Company must consider the probability of a default occurring over the contractual life of its trade receivables and contract asset balances on initial recognition of those assets. The Company does consider that these estimates will result in increased impairment and has reflected this in the Financial Statements.
- IFRS 15, 'Revenue from Contracts with Customers', IFRS 15 Revenue has replaced IAS 18 Revenue and IAS 11 Construction Contracts. It applies to all contracts with customers except leases, financial instruments and insurance contracts. IFRS 15 establishes the principles that an entity shall apply to report useful information to users of financial statements about their nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new revenue standard supersedes all current revenue recognition requirements under IFRS. The Company has adopted a modified retrospective application for annual periods beginning on or after 1 January 2018. This standard was adopted on its mandatorily effective date, and the standard has been applied on a cumulative basis, recognising the cumulative effect, if any, of initially applying the standard as an adjustment to the opening balance of retained earnings. The company will continue to assess individual customer contracts for separate performance obligations

Note to the Financial Statements continued

For the year ended 31 December 2018

to allocate the correct transaction price where necessary and therefore has assessed the impact of the new revenue standard to be immaterial.

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue and adopted by the EU:

- IFRS 16, 'Leases', addresses the measurement, classification and recognition of leases. The complete version of IFRS16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted. Adoption of IFRS 16 will result in the Company recognising right of use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the Company does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

At 31 December 2018 operating lease commitments amounted to £768,150. Further work will be carried out in the course of 2019 to determine the right-of-use assets and lease liabilities to be recognised on 1 January 2019, during which the Company's lease profile is likely to change. Instead of recognising an operating expense for its operating lease payments, the Company will instead recognise interest on its lease liabilities and amortisation on its right of use assets.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical judgements

Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated over its estimated useful economic life. Management estimates the useful economic lives of this property, plant and equipment and intangible assets to be 3 years and 5 years respectively. Changes in the expected level of usage and technological developments could impact on the useful economic lives and the residual values of these assets; therefore, future depreciation charges could be revised. The carrying amount of the company's property, plant and equipment and intangible assets in the statement of financial position is disclosed in note 12 of the financial statements.

Capitalisation of internally generated intangible assets

Internally generated Intangible assets have been capitalised because in management's judgement the criteria for capitalisation under IAS 38 has been met. These assets are amortised straight line over a 3 year period.

Critical accounting estimates

Expected Credit Loss of trade receivables: An impairment for the expected credit loss of trade receivables is required under IFRS9. This impairment is an accounting estimate which is calculated based on the Directors' best estimates of the probability of default and subsequent loss given default. The total provision and the credit for the year are disclosed in note 5 of the financial statements. In arriving at these estimates the Company has assessed the range of possible outcomes within the next financial year in respect of the carrying values of the assets and liabilities affected and believes it has arrived at a prudent and accurate assessment.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined above.

4 CORPORATE INFORMATION

Aquis Exchange PLC ("the company") is licensed to operate a multilateral trading facility (MTF) enabling members to trade across fourteen European markets and to provide exchange software under licence.

5.1 REVENUE

An analysis of the company's revenue is as follows:

	2018 £	2017 £
Revenue analysed by class of business		
Subscription Fees	3,100,839	1,706,000
Licence Fees	737,530	308,590
Data Vendor Fees	143,541	-
	3,981,910	2,014,590

Subscription fees and data vendor fees are all recognised at point in time as they reflect variable revenue determined on a monthly basis.

Licence fees have been calculated in accordance with IFRS 15. The Company has decided to apply the standard retrospectively by recognising the cumulative effect of initially applying the standard at the date of initial application in retained earnings using the simplified transition method with no restatement of comparatives.

The revenue from licensing contracts with customers has been categorised reflecting the nature, amount, customer categorisation, contract duration and uncertainty of revenue and cash flows.

Category 1 clients are companies in an early stage of business development and Category 2 clients are companies which have been operating successfully for a minimum of 3 years.

	2018 Category 1 £	2018 Category 2 £
IFRS 15 Licensing		
Performance obligation 1 (contract life): project fees and maintenance	155,850	40,310
Performance obligation 2 (point in time): licensing	323,100	182,280
Other short-term licensing income	-	26,499
	478,950	249,089

5.2 IMPAIRMENT CREDIT

	2018 £	2017 £
Impairment credit	424,194	-

The impairment credit reflects the IFRS 9 provision release for technology licensing contracts. This release is based on management estimates of the collectability of contracts over their useful life and is re-assessed annually.

During potential contract assessment and negotiation Aquis assess the potential credit risk of a prospective client prior to committing to the contract. Aquis credit risk management processes are applied to all trade receivables and are calculated using a lifetime ECL method.

The ECL has been calculated with reference to estimations based on a probability of default (PD) and a loss given default (LGD) analysed for each individual contract taking into account the nature, amount, customer categorisation, contract duration and uncertainty of revenue and cash flows.

There were no changes to the estimation methodology over the year.

The credit recognised during the year is the movement between the opening (restated) provision and the closing estimated provision.

There is no impact on transition as there would be no trade receivables generated and therefore no impairment under the previous standards.

Note to the Financial Statements continued

For the year ended 31 December 2018

6 EXCEPTIONAL ITEMS

	2018 £	2017 £
Exceptional costs	(1,011,853)	-

Exceptional costs relate to the costs incurred for the IPO

7 OPERATING SEGMENTS

The company only has one operating segment.

8 OPERATING LOSS

	2018 £	2017 £
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	3	(61)
Fees payable to the company's auditor for the audit of the company's financial statements	52,500	15,000
Depreciation of property, plant and equipment	162,493	83,706
Amortisation of intangible assets	449,001	406,515
Share-based payments (see below)	92,446	-

On the 14th June 2018 the company issued 564,124 share options to eligible employees as part of an approved Employee Share Option Scheme. In accordance with IFRS 2 the Company has estimated the value of these options using a US binomial option valuation model and spread the estimated value against the Profit and Loss account over the life of the vesting period.

There is one approved EMI scheme. Options vest in 3 equal tranches, one, two and three years after grant. The options expire after 10 years.

No options vested or were exercised, expired or forfeited during the period.

The options exercise price is £2.69 per share. The weighted average remaining contractual life of options outstanding at the end of the reporting period amounted to 2 years 5.5 months.

The valuation method used to estimate the fair value of the awards was the US binomial method with an average expiry duration of 5 years, volatility of 24 and risk free interest rate of 1.1067%.

9 EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Management	4	4
Operations	4	4
Business Development	3	3
Marketing	1	1
IT and Finance	17	16
Compliance and Surveillance	3	3
	32	31

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	3,184,145	2,208,402
Social security costs	525,376	323,021
Pension costs	207,751	95,690
	3,917,272	2,627,113

10 DIRECTORS' REMUNERATION

	2018 £	2017 £
Remuneration for qualifying services	840,789	593,150
Remuneration disclosed above include the following amounts paid to the highest paid director:		
Remuneration for qualifying services	341,132	231,940

11 INVESTMENT INCOME

	2018 £	2017 £
Interest income		
Bank deposits	30,139	9,961

12 INCOME TAX EXPENSE

	2018 £	2017 £
Current tax		
Adjustments in respect of prior periods	(247,389)	(222,215)

The charge for the year can be reconciled to the loss per the income statement as follows:

	2018 £	2017 £
Loss before taxation	(3,664,756)	(3,266,809)
Expected tax credit based on a corporation tax rate of 19.00%	(696,304)	(628,861)
Effect of expenses not deductible in determining taxable profit	188,180	8,225
Unutilised tax losses carried forward	537,478	663,238
Permanent capital allowances in excess of depreciation	(29,355)	(58,716)
Depreciation on assets not qualifying for tax allowances	-	16,114
Research and development tax credit	(247,389)	(222,215)
Taxation credit for the year	(247,389)	(222,215)

The company has estimated losses of £18,180,329 (2017: £16,132,673) available for carry forward against future trading profits.

Note to the Financial Statements continued

For the year ended 31 December 2018

13 EARNINGS PER SHARE

	2018 £	2017 £
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	16,433,338	1,670,701
Earnings		
Loss for the period from continued operations	(3,417,367)	(3,044,594)

EARNINGS PER SHARE (PENCE)

	2018	2017
Basic and diluted earnings per share		
Basic earnings per ordinary share	(21)	-
Basic earnings per A share	-	(515)
Basic earnings per B share	-	(161)
Diluted earnings per ordinary share	(20)	-
Diluted earnings per A share	-	(515)
Diluted earnings per B share	-	(161)

14 INTANGIBLE ASSETS

	Developed Trading Platforms £
Cost	
At 1 January 2017	630,072
Additions	440,461
At 31 December 2017	1,070,533
Additions – internally generated	422,522
At 31 December 2018	1,493,055
Amortisation and impairment	
Charge for the year	406,515
At 31 December 2017	406,515
Charge for the year	449,001
At 31 December 2018	855,516
Carrying amount	
At 31 December 2018	637,539
At 31 December 2017	664,018

15 PROPERTY, PLANT AND EQUIPMENT

	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost			
At 1 January 2017	-	1,115,752	1,115,752
Additions	233,669	67,071	300,740
At 31 December 2017	233,669	1,182,823	1,416,492
Additions	12,794	409,140	421,934
At 31 December 2018	246,463	1,591,963	1,838,426
Accumulated depreciation and impairment			
At 1 January 2017	-	1,050,294	1,050,294
Charge for the year	28,801	54,905	83,706
At 31 December 2017	28,801	1,105,199	1,134,000
Charge for the year	48,801	113,692	162,493
At 31 December 2018	77,602	1,218,891	1,296,493
Carrying amount			
At 31 December 2018	168,861	373,072	541,933
At 31 December 2017	204,868	77,624	282,492

16 INVESTMENTS

	Current 2018 £	2017 £	Non-current 2018 £	2017 £
Investments in subsidiaries	-	-	9,020	-

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

17 SUBSIDIARIES

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Country of incorporation	Ownership interest (%)	Voting power held (%)	Nature of business
Aquis Exchange Europe SAS	France	100.00	100.00	European Equities Exchange

The registered office of Aquis Exchange Europe SAS is 231 rue saint honore, 75001 Paris, France.

Note to the Financial Statements continued

For the year ended 31 December 2018

18 TRADE AND OTHER RECEIVABLES

	Current 2018 £	2017 £	Non-current 2018 £	2017 £
Trade receivables	1,518,654	1,204,757	564,754	-
Other receivables	7,953	1,208	276,534	276,534
Prepayments	296,083	247,957	-	-
	1,822,690	1,453,922	841,288	276,534

19 TRADE RECEIVABLES – CREDIT RISK

Fair value of trade receivables

The trade receivables are stated net of any credit impairment provision as set out previously in Note 5 in accordance with IFRS 9.

	2018 £	2017 £
Trade receivables (gross)	2,779,242	2,324,785
Credit impairment	(695,834)	(1,120,028)
Trade receivables net of impairments	2,083,408	1,204,757

20 TRADE AND OTHER PAYABLES

	Current 2018 £	2017 £
Trade payables	153,144	26,926
Accruals	681,010	248,463
Social security and other taxation	10,494	522
Other payables	47,716	-
	892,364	275,911

The directors consider that the carrying amount of trade payables approximates to their fair value.

21 RETIREMENT BENEFIT SCHEMES

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans are £207,751 (2017 - £95,690).

22 SHARE CAPITAL

	2018 £	2017 £
Ordinary share capital		
<i>Issued and fully paid</i>		
27,149,966 Ordinary shares of 10p each	2,714,996	-
100,001 Ordinary A shares of 0.001p each	-	1
1,570,700 Ordinary B shares of 0.001p each	-	16
	2,714,996	17

During the year, the company issued 220,015 Ordinary A shares of 0.001p each, and 226,884,029,284 Ordinary B shares of 0.001p each. The shares were issued at nominal value.

During the year, a variation of rights was passed to reclass all Ordinary A and B shares as one individual class of Ordinary shares, and to change their designation to 10p Ordinary shares.

During the year, and following the variation of share designation, an additional 4,460,967 Ordinary shares were issued with nominal value 10p per share, and with a premium of £2.59 per Ordinary share.

23 SHARE PREMIUM ACCOUNT

	2018 £	2017 £
At beginning of year	23,517,321	23,517,321
Issue of new shares	10,840,020	-
Share capital reduction	(23,517,360)	-
At end of year	10,839,981	23,517,321

24 OTHER RESERVES

	2018 £	2017 £
Reserves relating to share-based payments	92,446	-

The reserves relating to share-based payments reflects the estimated value of the approved Employee Share Option Scheme estimated using a US binomial option valuation model.

Note to the Financial Statements continued

For the year ended 31 December 2018

25 RETAINED EARNINGS

	2018 £	2017 £
At the beginning of the year	(16,908,527)	(13,863,933)
Elimination of Share Premium	21,248,478	-
Loss for the year	(3,417,367)	(3,044,594)
At the end of the year	922,584	(16,908,527)

Retained earnings at 31 December 2017 have been restated to reflect applying IAS 38 – accounting for intangibles and adopting IFRS 15 – accounting for revenue from software licences net of credit provisions IFRS 9. The impact on the reserves is summarised below.

	2017 £
Retained earnings at 1 January 2018	(18,452,039)
IAS 38	664,019
IFRS 15 (net of IFRS 9)	879,493
Adjusted retained earnings at 1 January 2018	(16,908,527)

26 OPERATING LEASE COMMITMENTS

Lessee

The company leases an office suite under a non-cancellable operating lease agreement.

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2018 £	2017 £
Minimum lease payments under operating leases	187,968	206,864

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	230,445	230,445
Between two and five years	537,705	691,335
	768,150	921,780

27 CAPITAL COMMITMENTS

There was no capital expenditure contracted for at the end of the reporting year that had not been provided for.

28 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are:

- to safeguard the company's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders; and
- to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain a strong capital structure, the company may issue new shares, return capital to shareholders or sell assets to ensure capital adequacy requirements are met.

The company adopts the following policies and procedures in order to manage its capital requirements:

- regular monitoring of its current and expected levels of liquidity to ensure that it has sufficient funds for working capital requirements; and
- regular monitoring of the Return on Assets (ROA), maintaining a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The ROA is the amount of net loss returned as a percentage of total assets.

	2018 £	2017 £
Loss for the year	(3,417,367)	(3,044,594)
Total assets	15,462,371	6,884,722
Return on Assets	(22%)	(44%)

Externally imposed capital requirements to which the company is subject to have been assessed and complied with in the year.

29 RELATED PARTY TRANSACTIONS

Remuneration of key management personnel

The remuneration of the directors, who are key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2018 £	2017 £
Short-term employee benefits	681,924	463,150
	681,924	463,150

30 CONTROLLING PARTY

In the opinion of the directors, there is no single overall controlling party.

Note to the Financial Statements continued

For the year ended 31 December 2018

31 CASH GENERATED FROM OPERATIONS

	2018 £	2017 (Restated) £
Loss for the year after tax	(3,417,367)	(3,044,594)
Adjustments for:		
Taxation credited	(247,389)	(222,215)
Investment income	(30,139)	(9,961)
Amortisation and impairment of intangible assets	449,001	406,515
Depreciation and impairment of property, plant and equipment	162,493	83,706
Equity settled share based payment expense	92,446	-
Other gains / losses on transition of accounting standards	(713,884)	913,439
Movements in working capital:		
Increase in trade and other receivables	(933,522)	(1,222,759)
Increase in trade and other payables	616,453	92,792
Cash absorbed by operations	(4,021,908)	(3,003,077)

DIRECTORS

N Beattie
R Bennett
J Clelland
G Collinson (Appointed 7 January 2019)
A Haynes
M Spanbroek
M Goodliffe (Appointed 21 March 2018)

COMPANY NUMBER

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